

CARLYLE COMMODITIES CORP. (formerly Delrey Metals Corp.)

Management's Discussion and Analysis

For the period ended November 30, 2020

This Management's Discussion and Analysis ("MD&A") prepared as at January 27, 2021, reviews the financial condition and results of operations of Carlyle Commodities Corp. ("Carlyle" or the "Company") (formerly Delrey Metals Corp.) for the period ended November 30, 2020 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's November 30, 2020 condensed consolidated interim financial statements and its February 29, 2020 annual audited consolidated financial statements and related notes.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the unaudited condensed interim financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the unaudited condensed interim financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

DESCRIPTION AND OVERVIEW OF BUSINESS

Carlyle Commodities Corp. (formerly Delrey Metals Corp.) the "Company") was incorporated on October 18, 2017 under the Business Corporations Act of British Columbia. The Company's head office address is 3707 – 1111 Alberni Street, Vancouver, BC. The registered office address is located at 800 – 885 West Georgia Street, Vancouver, BC. The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on October 24, 2018, under the symbol "DLRY". On February 18, 2020, the Company changed its name to Carlyle Commodities Corp and continued trading under the symbol "CCC". The Company's condensed consolidated interim financial statements include the financial statements of the following subsidiaries:

Company	Place of Incorporation	Effective Interest
BC Vanadium Corp. ("BCVC")	British Columbia	100%
WEM Western Energy Metals Ltd. ("WEM")	British Columbia	100%

The principal business of the Company is the exploration and evaluation of mineral property interests. The success of the Company will be dependent on obtaining the necessary financing to evaluate and pursue these opportunities.

On February 18, 2020, the Company consolidated its issued and outstanding capital on the basis of one (1) post-consolidation share for each seven (7) pre-consolidation shares. All per share amounts in the financial statements and this MD&A have been retroactively restated.

The Company's condensed consolidated interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity financing or through the sale of its investments at amounts favorable to the Company. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations this time.

PERFORMANCE SUMMARY AND SUBSEQUENT EVENTS

During the period ended November 30, 2020, the Company:

- granted 1,600,000 stock options to various directors, officers, and consultants of the Company with an exercise price of \$0.15 and life of 5 years. All options vested on grant;
- issued 932,291 common shares valued at \$139,844 to Directors of the Company to settle accounts payable and accrued liabilities valued at \$111,875;
- closed three tranches of a non-brokered private placement by issuing an aggregate of 15,827,000 units (each, a "Unit") at a price of \$0.075 per Unit for gross proceeds of \$1,187,025 as follows:
 - (i) 2,666,667 Units on March 27, 2020;
 - (ii) 8,628,333 Units on April 29, 2020; and
 - (iii) 4,532,000 Units on May 15, 2020

Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share at a price of \$0.20 per common share for five years from the date of issuances. In connection with the offering, the Company paid an aggregate of \$65,304 in finders' fees and incurred an additional \$17,716 in other closing costs. All common shares issued in connection with the offering will be subject to voluntary escrow, pursuant to which 35% of the common shares will be released four months and one day from the issuance date, 35% of the common shares will be released seven months and one day from the issuance date, and the remaining 30% of the common shares will be released ten months and one day from the issuance date; and

- entered into an amending agreement to extend the schedule of payments on its Sunset Mining Property, BC from June 30, 2019 and June 30, 2020 respectively to December 31, 2020 (as to \$200,000) and December 31, 2021 (as to \$700,000).
- entered into an option agreement (the "Option Agreement") with Riverside Resources Inc. ("Riverside"), an arm's length TSX Venture Exchange ("TSXV") listed issuer trading under the symbol "RRI", to purchase an undivided 100% interest in and to the 7,739 hectare Cecilia Gold-Silver Project (the "Property") located in the State of Sonora, Mexico.

Under the terms of the Option Agreement, the Company has the option to acquire a 100% interest in the Property by:

- a) making aggregate cash payments of \$200,000 (*\$50,000 paid*);
- b) issuing 1,500,000 common shares of the Company (*issued*);
- c) issuing 3,000,000 non-transferable special warrants; and
- d) incurring an aggregate of \$2,500,000 in exploration expenditures within 36 months of closing (*\$275,465 incurred*).

Upon completion of the Option Payments, the Company will be deemed to have exercised the Option and will have earned an undivided 100% legal and beneficial interest in and to the Property, subject to a 2.5% net smelter return royalty ("NSR Royalty") to be granted to Riverside.

- received proceeds of \$56,250 on the exercise of 375,000 stock options.
- entered into an option agreement (the "Mack Agreement") with United Mineral Services Ltd. ("UMS"), an arm's length private company. Under the terms of the Mack Agreement, the Company has the right to earn a 50% working interest in the Mack copper-molybdenum-gold property by funding \$400,000 for an initial drill program as follows:
 - \$50,000 on or before August 14, 2020 (*paid*); and
 - \$350,000 on the earlier of:
 - a) within 5 days of notice from Amarc that it has received the necessary permit required for the agreed upon earn-in program for the Mack Property before September 30, 2020 (*paid subsequent to August 31, 2020*); and
 - b) April 1, 2021, if the permit is in-hand

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- entered into an option agreement (the “Jake Agreement”) with UMS, an arm’s length private company. Under the terms of the Jake Agreement, the Company has the right to earn a 50% working interest in the Jake copper-molybdenum-gold property by funding \$400,000 for an initial drill program as follows:
 - \$100,000 on or before August 31, 2020; and
 - \$300,000 on the earlier of:
 - a) May 1, 2021, if Amarc has received the necessary permit required for the earn-in program for the Jake Property; and
 - b) Within five days of notice that it has received the permit after May 1, 2021 but before September 30, 2021; or such other date as agreed to by the parties.
- closed a non-brokered private placement by issuing 1,238,000 flow-through units (each, a “FT Unit”) at a price of \$0.30 per FT Unit for gross proceeds of \$371,400, of which \$330,400 was receivable as at August 31, 2020. Each FT Unit was comprised of one flow-through share and one common share purchase warrant, each entitling the holder to acquire one non-flow-through common share at a price of \$0.75 per common share for a period of two years. The Company paid finders’ fees of \$22,992 and issued 76,640 finders’ warrants, exercisable at \$0.30 for a period of two years. The Company incurred additional costs of \$52,637 in connection with the financing. The Company used the residual method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of \$99,040.
- issued 100,000 common shares valued at \$19,000 to obtain additional claims contiguous to the Mack property.
- received a \$300,000 short term loan from an arm’s-length party. The loan is non-interest bearing and payable on demand.

Subsequent to the period ended November 30, 2020, the Company:

- closed an amalgamation agreement dated December 16, 2020 (the “Agreement”) with Isaac Mining Corp. (“IMC”), an arm’s length private British Columbia corporation, and 1269597 B.C. Ltd. (“NewCo”), a wholly-owned subsidiary of Carlyle, pursuant to which Carlyle acquired (the “Transaction”) all of the issued and outstanding securities of IMC by way of “three-cornered” amalgamation.

Incorporated in September of 2020, IMC is a private British Columbia mineral exploration corporation which owns 100% of the Newton Gold Project (the “Newton Gold Project” or the “Project”) located in the Clinton Mining Division of the Province of British Columbia.

Pursuant to the Agreement, the Company acquired all of the issued and outstanding IMC Shares by way of a “three-cornered” amalgamation (the “Amalgamation”) whereby NewCo and IMC amalgamated pursuant to the provisions of the Business Corporations Act (British Columbia) to form one corporation, which continued under the name “Isaac Newton Mining Corp.”, a wholly owned subsidiary of the Company. Accordingly, each of the common shares of IMC (each, an “IMC Share”) were cancelled and, in consideration for such IMC Shares, each IMC shareholder (collectively, the “IMC Shareholders”) received one common share in the capital of the Company for every IMC Share held by such shareholder. An aggregate of 20,562,000 common shares of the Company were issued to the IMC Shareholders in exchange for their respective IMC Shares as well as an aggregate of 9,531,000 warrants in replacement of IMC warrants.

Prior to the Closing, IMC issued an aggregate of 8,062,000 units (each, an “IMC Unit”) at a price of \$0.25 per IMC Unit for gross aggregate proceeds of \$2,015,500. Each IMC Unit consists of one IMC Share and one half of one IMC Share purchase warrant (each, an “IMC Warrant”), with each full IMC Warrant entitling the holder to purchase one additional IMC Share at an exercise price of \$0.50 per IMC Share for a period of 3 years from the date of issue, provided that if the closing price of the IMC Shares on any stock exchange on which the IMC Shares are then listed is at a price greater than \$1.00 for a period of 10 consecutive trading days, IMC will have the right to accelerate the expiry date of the IMC Warrants by giving written notice to the holders of the IMC Warrants by news release or other form of notice permitted by the certificate representing the IMC Warrants that the IMC Warrants will expire on the date that is not less than 30 days from the date of such notice. In connection with the Closing, each IMC Warrant which issued and outstanding immediately prior to the effective time of the Amalgamation (inclusive of those IMC Warrants issued under the Pre-Transaction Financing) was cancelled and its holder received, in exchange therefor, one warrant (each, a “Replacement Warrant”) to purchase one Share. The Replacement Warrants are on the same terms and conditions as the cancelled IMC Warrants.

In connection with the Transaction, Carlyle has entered into a termination agreement (the "Termination Agreement") with Amarc and AgraFlora Organics International Inc. (formerly Newton Gold Corp.) ("AgraFlora") pursuant to which the Company agreed to purchase for cancellation a residual 5% net profit interest royalty (the "NPI Royalty") on the Newton Gold Project held by AgraFlora. In consideration for the acquisition and termination of the NPI Royalty, Carlyle agreed to issue AgraFlora non-transferrable warrants to purchase 200,000 at an exercise price of \$0.50 per common share for a period of 3 years from the date of issuance.

- received proceeds of \$7,500 on the exercise of 50,000 stock options.
- Entered into an agreement to dispose of its Star, Porcher, Blackie, and Penece properties in exchange for the settlement of \$50,000 in accounts payable and accrued liabilities. Accordingly, as at November 30, 2020, the Company had written the value of the properties down to \$50,000 and recognized a write-off of \$1,387,411 to profit or loss.

EXPLORATION AND EVALUATION ASSETS

Sunset Mining Property, British Columbia

On November 7, 2017, the Company entered into an agreement, whereby it will have the right to earn a 100% interest in the Sunset Property consisting of four mineral claims.

The Company will earn a 100% interest in the Property subject to a 2% Net Smelter Royalty, by completing \$1,000,000 in exploration, making cash payments of \$15,000 (paid) and issuing 95,238 common shares (issued during the year ended February 28, 2019) of the Company to the optionor. If there is a shortfall in exploration in any one year, the agreement can be maintained in good standings by making a payment in the equivalent cash, of the shortfall to the Optionor. On June 25, 2018, the \$100,000 in exploration expenditure to incur by June 30, 2018 was extended to September 30, 2018.

During the period ended November 30, 2020, the Company entered into an amending agreement. Pursuant to the terms of the amending agreement, the Company has extended the second and third scheduled payments of exploration expenditures from June 30, 2019 and June 30, 2020 respectively to December 31, 2020 (as to \$200,000) and December 31, 2021 (as to \$700,000).

Cecilia Gold-Silver Property, State of Sonora

During the period ended November 30, 2020, the Company entered into an option agreement (the "Cecilia Agreement") with Riverside Resources Inc. ("Riverside"), an arm's length TSX Venture Exchange ("TSXV") listed issuer trading under the symbol "RRI", to purchase an undivided 100% interest in and to the 7,739 hectare Cecilia Gold-Silver Project (the "Property") located in the State of Sonora, Mexico.

Under the terms of the Cecilia Agreement, the Company has the option to acquire a 100% interest in the Property by:

- a) making aggregate cash payments of \$200,000 (*\$50,000 - paid*);
- b) issuing 1,500,000 common shares of the Company (*issued with a fair value of \$450,000*);
- c) issuing 3,000,000 non-transferable special warrants; and
- d) incurring an aggregate of \$2,500,000 in exploration expenditures within 36 months of closing (*\$275,465 incurred*).

During the period ended November 30, 2020, the Company advanced \$150,000 to Riverside as operator of the project, of which \$83,851 had been expended on exploration and evaluation activities as at November 30, 2020 with \$66,149 remaining in exploration and evaluation advance.

Upon completion of the option Payments, the Company will be deemed to have exercised the option and will have earned an undivided 100% legal and beneficial interest in and to the Property, subject to a 2.5% net smelter return royalty ("NSR Royalty") to be granted to Riverside.

The Company is currently in the process of drilling preparation, which includes hand building drill pads for person-portable drilling at the San Jose target, widening and improvement of foot trails/roads, and preparation of the drill and the work camp for the upcoming drill program.

Mack option agreement, British Columbia

During the period ended November 30, 2020, the Company entered into an option agreement (the "Mack Agreement") with United Mineral Services Ltd. ("UMS"), an arm's length private company. Under the terms of the Mack Agreement, the Company has the right to earn a 50% working interest in the Mack copper-molybdenum-gold property by funding \$400,000 for an initial drill program as follows:

- a) \$50,000 on or before August 14, 2020 (*paid*); and
- b) \$350,000 on the earlier of:
 - i. within 5 days of notice from Amarc that it has received the necessary permit required for the agreed upon earn-in program for the Mack Property before September 30, 2020 (*paid subsequent to August 31, 2020*); and
 - ii. April 1, 2021, if the permit is in-hand after September 30, 2020 but before April 1, 2021; or such other date as agreed to by the parties

During the month of September 2020, the Company commenced its planned 600m drill program, conducted by Amarc Resources Ltd., a Company affiliated with UMS.

During the period ended November 30, 2020, the Company issued 100,000 common shares with a value of \$19,000 to stake additional contiguous claims on the Mack property

Jake option agreement, British Columbia

During the period ended November 30, 2020, the Company entered into an option agreement (the "Jake Agreement") with UMS, an arm's length private company. Under the terms of the Jake Agreement, the Company has the right to earn a 50% working interest in the Jake copper-molybdenum-gold property by funding \$400,000 for an initial drill program as follows:

- a) \$100,000 on or before August 31, 2020; and
- b) \$300,000 on the earlier of:
 - i. May 1, 2021, if Amarc has received the necessary permit required for the earn-in program for the Jake Property; and
 - ii. Within five days of notice that it has received the permit after May 1, 2021 but before September 30, 2021; or such other date as agreed to by the parties.

BCVC Projects, British Columbia

On December 6, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of BCVC in exchange for 785,714 common shares and agreed to pay \$10,000 in BCVC's existing payables. The acquisition of BCVC was accounted for as an asset acquisition. BCVC owns a 100% interest in the Star and the Porcher vanadium properties, located in northwestern British Columbia. The Company determined that of the 785,714 common shares issued, 500,000 common shares with a fair value of \$1,260,000 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 285,714 common shares issued were considered as the purchase price consideration of BCVC. Subsequent to the period ended November 30, 2020, the Company has agreed to dispose of the properties in settlement of \$25,000 in debt. Accordingly, for the period ended November 30, 2020, the Company has written the value of the properties down to \$25,000 and recognized a write-off of \$815,743 to profit or loss.

WEM Projects, British Columbia

On December 12, 2018, pursuant to the terms of an agreement the Company acquired 100% of issued and outstanding common shares of WEM in exchange for 607,143 common shares and agreed to pay \$10,000 in WEM's existing payables. The acquisition of WEM was accounted for as an asset acquisition. WEM owns a 100% interest in the Blackie and the Peneec vanadium properties, located in northwestern British Columbia. The Company determined that of the 607,143 common shares issued, 321,429 common shares with a fair value of \$551,250 were compensatory in nature and recognized these as share-based payments for the year ended February 28, 2019. The remaining 285,714 common shares issued were considered as the purchase price consideration of WEM. Subsequent to the period ended November 30, 2020, the Company has agreed to dispose of the properties in settlement of \$25,000 in debt. Accordingly, for the period ended November 30, 2020, the Company has written the value of the properties down to \$25,000 and recognized a write-off of \$571,668 to profit or loss.

Four Corners Project, Newfoundland

During the year ended February 29, 2020, the Company entered into a mineral property option agreement to acquire an undivided 80% right, title, and interest in the Four Corners Project, located in west-central Newfoundland. The Company had paid a total of \$50,000 in option payments, issued 171,427 common shares with a value of \$240,000, and incurred \$107,228 in exploration expenditures during the year ended February 29, 2020.

During the year ended February 29, 2020, due to unfavourable market conditions, the Company terminated the option agreement. Accordingly, as at February 29, 2020 all acquisition and exploration costs related to the property have been written-off and \$397,228 was recognized to the statement of loss and comprehensive loss for the year then ended.

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A continuity of the Company's exploration and evaluation assets is as follows:

	Sunset	Mack	Jake	Cecilia	Star / Porcher	Blackie / Peneece	Four Corners	Total
Acquisition costs:								
Balance, February 28, 2019	\$ 65,000	\$ -	\$ -	\$ -	\$ 730,000	\$ 500,000	\$ -	\$ 1,295,000
Additions	-	-	-	-	-	-	290,000	290,000
Write-off	-	-	-	-	-	-	(290,000)	(290,000)
Balance, February 29, 2020	65,000	-	-	-	730,000	500,000	-	1,295,000
Additions	-	19,000	-	500,000	-	-	-	519,000
Write-off	-	-	-	-	(705,000)	(475,000)	-	(1,180,000)
Balance, November 30, 2020	65,000	19,000	-	500,000	25,000	25,000	-	634,000
Exploration costs:								
Balance, February 28, 2019	103,495	-	-	-	-	-	-	103,495
Field Personnel	-	-	-	-	23,675	9,825	29,605	63,105
Sampling	-	-	-	-	68,488	74,368	2,325	145,181
Geological consulting	-	-	-	-	-	-	29,850	29,850
Supplies and other	-	-	-	-	3,661	300	36,573	40,534
Travel and meals	-	-	-	-	14,919	12,175	8,875	35,969
Write-off	-	-	-	-	-	-	(107,228)	(107,228)
Balance, February 29, 2020	103,495	-	-	-	110,743	96,668	-	310,906
Field Personnel	-	-	-	131,498	-	-	-	131,498
Sampling	-	-	-	2,847	-	-	-	2,847
Drill program	-	400,000	-	-	-	-	-	400,000
Geological consulting	-	4,106	-	53,484	-	-	-	57,590
Supplies and other	-	-	-	9,274	-	-	-	9,274
Travel and meals	-	-	-	34,917	-	-	-	34,917
Project management	-	-	-	43,445	-	-	-	43,445
Write-off	-	-	-	-	(110,743)	(96,668)	-	(207,411)
Balance, November 30, 2020	103,495	404,106	-	275,465	-	-	-	783,066
Balance, February 29, 2020	\$ 168,495	\$ -	\$ -	\$ -	\$ 840,743	\$ 596,668	\$ -	\$ 1,605,906
Balance, November 30, 2020	\$ 168,495	\$ 423,106	\$ -	\$ 775,465	\$ 25,000	\$ 25,000	\$ -	\$ 1,417,066

RESULTS OF OPERATIONS

During the nine-month period ended November 30, 2020, the Company incurred a loss of \$2,208,749 (2019 - \$1,316,555). Significant expenditures include the following:

Consulting fees – decreased to \$248,252 for the period ended November 30, 2020 (2019 - \$250,650) and represent corporate consulting fees in support of the Company as it proceeded with acquisition and exploration activities.

Depreciation – decreased to \$1,270 for the period ended November 30, 2020 (2019 - \$72,293) as the Company terminated its office lease and corresponding right-of-use asset late in year ended February 29, 2020.

Investor relations fees – decreased to \$187,010 for the period ended November 30, 2020 (2019 - \$504,522). Following the Company's public listing in prior years, it had undergone significant investor relations and shareholder communications programs to promote and support healthy growth. During the current period, as with other operating expenses, management has increased its focus on the reduction of expenditures and optimization of working capital.

Management fees – decreased to \$159,375 for the period ended November 30, 2020 (2019 - \$164,000) and represents fees paid to the Company's Chief Executive Officer, Chief Financial Officer, and corporate secretary.

Office Costs – increased to \$24,167 for the period ended November 30, 2020 (2019 - \$10,615) and represent various general and administrative costs required in setting up and maintaining the Company's operations.

Professional fees – decreased to \$56,251 for the period ended November 30, 2020 (2019 - \$76,495) resulting from fewer matters requiring the Company's legal representation.

Share-based payments – increased to \$177,299 for the period ended November 30, 2020 (2019 - \$149,026) and represent a non-recurring, non-cash expense related to the fair value of 1,600,000 stock options granted to various consultants during the period.

Transfer agent and filing fees – increased to \$23,467 for the period ended November 30, 2020 (2019 - \$15,180) as the Company completed some financings in the current period and incurred additional costs.

Travel and entertainment – decreased to \$12,508 for the period ended August 31, 2020 (2019 - \$58,641) and relate to expenditures required for business development and the identification of strategic acquisition targets.

Write-off of exploration and evaluation assets – was \$1,387,411 (2019 - \$nil) and relates to the write-down of the BCVC and WEM projects to \$50,000 as the Company has agreed to settle debt in the amount of \$50,000 in exchange for the properties.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for all completed from incorporation:

	November 30, 2020	August 31, 2020	May 31, 2020	February 29, 2020
Total Assets	\$ 1,748,518	\$ 2,581,798	\$ 2,370,543	\$ 1,713,287
Shareholders' equity	970,878	2,062,970	2,028,815	1,109,249
Revenue	-	-	-	-
Comprehensive Loss	(1,471,491)	(308,426)	(428,832)	(610,140)
Basic and diluted loss per share	(0.06)	(0.01)	(0.04)	(0.12)

	November 30, 2019	August 31, 2019	May 31, 2019	February 28, 2019
Total Assets	\$ 2,159,199	\$ 2,275,547	\$ 2,460,292	\$ 2,873,694
Shareholders' equity	1,646,639	1,827,283	2,107,789	2,496,168
Revenue	-	-	-	-
Comprehensive Loss	(180,644)	(427,270)	(708,641)	(2,349,967)
Basic and diluted loss per share	(0.07)	(0.07)	(0.14)	(0.49)

LIQUIDITY AND CAPITAL RESOURCES

The Company has not generated any cash flow from operations. Carlyle's financial success relies on management's ability find economically recoverable reserves in its exploration and evaluation asset.

In order to finance the acquisition of assets or a business and corporate overhead, the Company will be dependent on investor sentiment remaining positive towards the junior companies, and towards Carlyle Commodities Corp., in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior exploration companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's November 30, 2020 condensed consolidated interim financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

The Company plans on financing its continued activities through equity financings. It is anticipated as general sentiment towards junior exploration companies remains positive, the Company can raise the necessary capital to secure and finance the acquisition of assets or a business. Debt financing has not been used to fund asset and business acquisitions; the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company. The Company's working capital deficiency for the period ended November 30, 2020 was \$526,241 compared to a working capital deficit of \$503,233 as at February 29, 2020.

Cash and Financial Conditions

The Company had a cash balance of \$90,197 as at November 30, 2020 compared to a cash balance of \$55,973 as at February 29, 2020 .

Operating activities: The Company used \$772,158 in operations for the period ended November 30, 2020 (2019 - \$1,147,000).

Investing activities: The Company used \$876,893 in investing activities for the period ended November 30, 2020 (2019 - \$110,735) related to payments towards exploration and evaluation activities of \$771,146 (2019 - \$93,235), advances toward exploration and evaluation expenditures of \$74,747 (2019 - \$nil), and a loan to a related company of \$31,000 (2019 - \$17,500).

Financing activities: The Company generated \$1,683,275 in financing activities for the period ended November 30, 2020 (2019 – \$nil) relating to proceeds of \$1,485,675 (2019 - \$nil) from private placements, \$56,250 (2019 - \$78,000) in proceeds from stock option exercises, and \$300,000 (2019 - \$nil) from loans received, less \$158,650 (2019 - \$nil) in share issuance costs and \$nil (2019 - \$51,000) in payments towards lease liabilities.

SECURITIES OUTSTANDING

As at the date of this MD&A the Company has 45,609,616 common shares, 26,872,640 share purchase warrants, and 1,583,991 stock options outstanding.

OUTLOOK

It is anticipated that in the continued and foreseeable future, Carlyle will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although Carlyle has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future.

Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management personnel payments for the nine-month period ended November 30, 2020 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	\$ 114,375	\$ -	\$ 27,703	\$ 142,078
Chief Financial Officer	27,000	-	-	27,000
Non-executive directors	-	45,000	33,244	78,244
	\$ 141,375	\$ 45,000	\$ 60,947	\$ 247,322

Key management personnel payments for the nine-month period ended August 31, 2019 included:

	Management fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	\$ 110,000	\$ -	\$ -	\$ 110,000
Chief Financial Officer	27,000	-	-	27,000
Non-executive directors	-	67,500	-	67,500
	\$ 90,500	\$ 67,500	\$ -	\$ 204,500

As at November 30, 2020, \$118,540 (February 29, 2020 - \$184,846) was included in trade payables and accrued liabilities for fees owed to related parties. During the period ended November 30, 2020, the Company issued an aggregate of 932,291 common shares with a value of \$139,844 to Directors of the Company to settle accounts payable of \$111,875 (Note 8). The Company recognized a loss on the settlement of \$27,969. As at November 30, 2020, \$25,625 (February 29, 2020 - \$nil) was included in prepaid expenses advanced to related parties.

During the period ended November 30, 2020, the Company issued a loan of \$31,000 (year ended February 29, 2020 - \$17,500) to a Company with an officer in common. The loan is non-interest bearing and repayable on demand.

PROPOSED TRANSACTIONS

There are currently no proposed asset or business acquisitions or dispositions, other than those disclosed in this MD&A and the Company's condensed consolidated interim financial statements.

CRITICAL ACCOUNTING ESTIMATES

Carlyle Commodities Corp. prepares its financial statements in accordance with International Financial Reporting Standard ("IFRS") and requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Estimates and assumption where there is significant risk of material adjustments to assets and liabilities in future accounting period include the recoverability of the carry value of the exploration and evaluation assets, the measurements for financial instrument, the measurement of share-based payments and the recoverability of deferred tax assets.

RECENT ACCOUNTING PRONOUNCEMENTS

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended February 29, 2020.

FINANCIAL INSTRUMENTS AND RELATED RISKS

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, reclamation bond, and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is carried at fair value through profit or loss. Receivables, reclamation bond, and accounts payable and accrued liabilities are carried at amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss of a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and reclamation bond are held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of Goods and Services Tax receivable from the government of Canada and the Company considers credit risk associated with these amounts to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Trades payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at November 30, 2020, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable and trades payable and accrued approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Carlyle Commodities Corp.'s control, including but not limited to: general economic and business conditions, information included or implied in the various independently produced and published technical reports; cash flow projections; currency fluctuations; commodity price fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at www.sedar.com.

Although Carlyle Commodities Corp. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Carlyle's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Carlyle will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company's forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this MD&A. The Company will update forward-looking statements and information if and when, and to the extent required by applicable securities laws. Readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Carlyle Commodities Corp. can be found on the SEDAR website at www.sedar.com.